

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-327-C**

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In Re: Application of Time Warner Cable Information )  
Services (South Carolina) LLC, d/b/a Time )  
Warner Cable to Amend its Certificate of Public )  
Convenience and Necessity to Provide )  
Telephone Services in the Service Area of )  
Home Telephone Company, Inc. and for Alternative )  
Regulation )

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**PUBLIC VERSION**

**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

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## EXHIBITS

<b>Exhibit WRF-1:</b>	<b>Curriculum Vitae</b>
<b>Exhibit WRF-2:</b>	<b>Home Telephone Company, Inc. Alternative Regulation Plan</b>
<b>Exhibit WRF-3:</b>	<b>Cited Portions of Home's 2007 Telecommunications Company Annual Report</b>
<b>Exhibit WRF-4:</b>	<b>Cited Portions of Home's 2003 Telecommunications Company Annual Report</b>
<b>Exhibit WRF-5:</b>	<b>Cited Portions of Home's 2004 Telecommunications Company Annual Report</b>
<b>Exhibit WRF-6:</b>	<b>Cited Portions of Home's 2005 Telecommunications Company Annual Report</b>
<b>Exhibit WRF-7:</b>	<b>Cited Portions of Home's 2006 Telecommunications Company Annual Report</b>
<b>Exhibit WRF-8:</b>	<b>Cited Portions of AT&amp;T South Carolina's 2007 Telecommunications Company Annual Report</b>

**I. INTRODUCTION**

**Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS FOR THE RECORD.**

A. My name is Warren R. Fischer. I currently serve as Chief Financial Officer for QSI Consulting, Inc. ("QSI"). My business address is 2500 Cherry Creek Drive South, Suite 319, Denver, Colorado 80209.

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

A. I have a Bachelor of Science degree in Business Administration with a concentration in Accounting from the University of Colorado in Boulder, Colorado. I am licensed as a Certified Public Accountant in the States of Colorado and California.

**Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR PROFESSIONAL EXPERIENCE**

A. After graduating from the University of Colorado, I worked for several years as an accountant with Deloitte & Touche conducting financial audits. Thereafter, I worked for two major corporations as a financial analyst. I joined AT&T Wireless Services in 1995 as a financial analyst where I managed the preparation of annual revenue forecasts for the company's cellular division. In 1996, I transferred to AT&T Corp. where I became a financial manager and a subject matter expert on pricing and costing issues involving local exchange and exchange access services. In 2000, I joined QSI as a Senior Consultant. In 2007, I became QSI's Chief Financial Officer.

**Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS OR OTHER PUBLIC UTILITY COMMISSIONS?**

1       A.     While I have not testified before the Public Service Commission of South Carolina  
2             ("Commission"), I have testified at the FCC and before 18 other state commissions  
3             on rate of return issues as well as pro-competitive regulatory reform issues  
4             concerning universal service, inter-carrier compensation, and appropriate cost-based  
5             rates under the FCC's Total Element Long-Run Incremental Cost ("TELRIC")  
6             methodology. A more detailed description of the cases wherein I have provided  
7             testimony is included in my curriculum vitae as Exhibit WRF-1.

8       **Q.     ON WHOSE BEHALF ARE YOU FILING THIS TESTIMONY?**

9       A.     I am testifying on behalf of the Time Warner Cable Information Services (South  
10            Carolina) LLC ("TWCIS").

11  
12       **II.    PURPOSE OF TESTIMONY**

13       **Q.     WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14       A.     The purpose of my testimony is to demonstrate that the availability of affordable  
15             basic local exchange rates in Home Telephone Company, Inc.'s ("Home") service  
16             area is not at risk and that Home is financially strong enough to withstand  
17             competition from TWCIS. While a local exchange carrier's ("LEC") financial health  
18             is not (and should not be) an explicit consideration in the Commission's evaluation  
19             of TWCIS's application under S.C. Code §58-9-280, I have nevertheless considered  
20             that issue in evaluating whether TWCIS' provision of service (1) will not adversely  
21             impact the availability of affordable local exchange service<sup>1</sup> and (2) provision of the

---

<sup>1</sup> See S.C. Code §58-9-280(B)(3).

1 service does not otherwise adversely impact the public interest.<sup>2</sup> The other factors  
2 stated in §58-9-280 that are relevant to the Commission's determination in this  
3 proceeding are addressed in detail by the testimonies of August Ankum, Ph.D. and  
4 Julie Laine.

5 My testimony will describe the restriction on Home's ability to raise basic  
6 local exchange rates under the terms of the alternative regulation requirements of  
7 §58-9-576 and demonstrate that Home is a financially strong company through  
8 analysis of its financial results over the period 2003 - 2007. Dr. Ankum discusses  
9 general economic policy issues associated with TWCIS' application as well as the  
10 numerous services offered by Home that will allow it to continue operating as a  
11 strong company after competitive entry by TWCIS into its market.

12  
13 **III. TWCIS' ENTRY WILL NOT ADVERSLEY AFFECT THE**  
14 **AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE**  
15 **SERVICE**

16 **Q. WHAT IS YOUR UNDERSTANDING OF THE ALTERNATIVE**  
17 **REGULATION PROVISIONS OF SOUTH CAROLINA CODE §58-9-576**  
18 **THAT IMPACT AN RLEC'S RATES?**

19 **A.** A rural local exchange carrier ("RLEC") such as Home that elects to have the rates,  
20 terms, and conditions for its services determined pursuant to §58-9-576(B) is subject  
21 to the following terms and conditions on the rates it can charge for basic local  
22 exchange and all other services:

---

<sup>2</sup> See S.C. Code §58-9-280(B)(5).

- 1           1. Residential flat-rated local exchange service and single-line business local  
2           exchange service rates in effect on the date of the LEC's election to be subject to  
3           alternative regulation are the maximum rates it can charge for those services  
4           unless those rates are less than the statewide average local service rate, weighted  
5           by the number of access lines. For small LECs whose prices are less than the  
6           statewide average rate, the Commission may waive the cap on local service rates  
7           until the LEC's residential flat-rated local exchange service rate equals the  
8           statewide average local residential service rate, weighted by the number of access  
9           lines, and the single-line business flat-rated local exchange service rate equals  
10          two times the statewide average local residential service rate.<sup>3</sup>  
11
- 12          2. LECs subject to the local exchange service rate cap may adjust rates for  
13          residential flat-rate local exchange service and single-line business flat-rate local  
14          exchange service annually pursuant to an inflation-based index.<sup>4</sup>  
15
- 16          3. LECs have the flexibility to set rates for all other services at their discretion as  
17          long as rates do not discriminate unreasonably between similarly situated  
18          customers.<sup>5</sup>  
19

20       **Q.   HAS HOME ELECTED ALTERNATIVE REGULATION FOR ITS**  
21       **SERVICES?**

22       A.   Yes. Home filed its Alternative Regulation Plan on March 8, 2006, and the  
23       Commission approved it on April 28, 2006.<sup>6</sup>

24       **Q.   WAS HOME SUBJECT TO THE TWO-YEAR CAP ON RAISING LOCAL**  
25       **SERVICE RATES BEYOND THE RATES IN EFFECT ON THE DATE OF**  
26       **ITS ELECTION?**

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<sup>3</sup> See S.C. Code §58-9-576(B)(3).

<sup>4</sup> See S.C. Code §58-9-576(B)(4).

<sup>5</sup> See S.C. Code §58-9-576(B)(5).

<sup>6</sup> See Home's Alternative Regulation Plan filed in Docket No. 2006-76-C and attached as Exhibit WRF-2. Home's Alternative Regulation Plan was approved in Order No. 2006-271.

1       A.     Yes. In its Alternative Regulation Plan filing, Home noted that its flat-rated local  
2             service rates for residential and single-line business customers were priced at the  
3             statewide average local service rates at the date of its election, March 8, 2006.<sup>7</sup>

4       **Q.     COULD HOME INCREASE ITS FLAT-RATED LOCAL SERVICE RATES**  
5             **FOR RESIDENTIAL AND SINGLE-LINE BUSINESS CUSTOMERS SINCE**  
6             **THE TWO-YEAR PERIOD HAS EXPIRED?**

7       A.     Yes. Since the two-year cap period expired March 7, 2008, Home could raise its  
8             rates if the inflation-based index has increased to permit a rate increase. However,  
9             Home will have to weigh the pros and cons of such an increase in light of the  
10            competitive alternatives offered by other carriers. Rather than risk losing current  
11            customers, the more rational response from a business perspective would be to reduce  
12            prices on its local exchange services or offer its customers attractive bundles of  
13            services to provide them an incentive to stay. Home already offers its residential  
14            customers packages of bundled services.<sup>8</sup> These can be expanded to meet  
15            competitive threats. Dr. Ankum discusses the various services offered by Home  
16            which include long distance, high speed Internet, wireless telephone, video, and  
17            home security services at a minimum. As Dr. Ankum's testimony explains in detail,  
18            bundled offers focus the customer's attention on the convenience and cost savings of  
19            receiving multiple services from a single provider and paying a single bill.

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<sup>7</sup> See Application in Exhibit WRF-2, page 2.

<sup>8</sup> See residential local service product packages at Home's website:  
<http://www.hometelco.com/simpleConnectionsWhyBundle.php>.

1       **Q.   DO SUBSEQUENT POTENTIAL RATE INCREASES BY HOME HAVE ANY**  
2       **RELEVANCE IN THIS CASE?**

3       A.   No. Home's local service rates are already at the statewide average rate which is  
4       presumed to be an affordable rate based on the South Carolina General Assembly's  
5       enactment of the statute defining the parameters of the statewide average rate  
6       calculation. Any decision by Home to increase its rates will be independent of  
7       TWCIS's entry into its market and will also be limited to the inflation-based index  
8       stipulated by S.C. Code §58-9-576(B)(4).

9       **Q.   BASED ON THE ALTERNATIVE REGULATION RULES DISCUSSED**  
10       **ABOVE, WILL TWCIS' APPLICATION IN THIS CASE ADVERSELY**  
11       **IMPACT THE AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE**  
12       **SERVICE?**

13       A.   No. To the contrary, TWCIS' entry into Home's market will increase choices to  
14       customers and thus *promote* the availability of affordable local exchange service.

15  
16       **IV.   HOME IS IN A STRONG AND HEALTHY FINANCIAL**  
17       **POSITION SUFFICIENT TO SUCCEED IN A COMPETITIVE**  
18       **MARKET**

19       **A.   Home's 2007 Financial Results**

20       **Q.   PLEASE DESCRIBE HOMES' CURRENT FINANCIAL POSITION.**

21       A.   My review of Home's 2007 Telecommunications Company Annual Report ("Annual  
22       Report") filed with the Office of Regulatory Staff and the Commission finds that  
23       Home is a profitable company with over **\*\*\*BEGIN CONFIDENTIAL**



1 ~~END CONFIDENTIAL~~\*\*\* in retained earnings along with a strong balance  
2 sheet that reflects a ~~BEGIN CONFIDENTIAL~~ ~~END CONFIDENTIAL~~\*\*\*  
3 net working capital position and \*\*\*~~BEGIN CONFIDENTIAL~~ ~~END~~  
4 ~~CONFIDENTIAL~~ long-term debt.<sup>9</sup>

5 Q. WHAT IS THE SIGNIFICANCE OF HOME'S RETAINED EARNINGS  
6 BALANCE?

7 A. Home's retained earnings balance reflects the accumulation of profits it has earned  
8 over a number of years. Home has earned profits in excess of \$5 million per year  
9 over the last five years; in 2006, net income jumped to almost \$10 million.<sup>10</sup>  
10 Because of its consistent profitability, Home has paid average dividends of over  
11 \*\*\*~~BEGIN CONFIDENTIAL~~ ~~END CONFIDENTIAL~~\*\*\* annually for  
12 the last five years.<sup>11</sup> The above discussion and analysis reveal that Home has enjoyed  
13 great financial success in recent years.

14 Q. WHAT IS WORKING CAPITAL AND HOW IS A COMPANY'S WORKING  
15 CAPITAL POSITION EVALUATED?

16 A. Working capital is simply the difference between a company's current assets and its  
17 current liabilities. Current assets are those that could be converted to cash in less

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<sup>9</sup> See 2007 Annual Report, Balance Sheet. Cited portions of 2007 Annual Report are attached as Exhibit WRF-3.

<sup>10</sup> See 2003 - 2006 Annual Reports, Operating Revenue and Expenses, (Cited portions of 2003 Annual Report are attached as Exhibit WRF-4. Cited portions of 2004 Annual Report are attached as Exhibit WRF-5. Cited portions of 2005 Annual Report are attached as Exhibit WRF-6. Cited portions of 2006 Annual Report are attached as Exhibit WRF-7).

<sup>11</sup> See 2003 - 2006 Annual Reports, Balance Sheet, (Cited portions of 2003 Annual Report are attached as Exhibit WRF-4. Cited portions of 2004 Annual Report are attached as Exhibit WRF-5. Cited portions of 2005 Annual Report are attached as Exhibit WRF-6. Cited portions of 2006 Annual Report are attached as Exhibit WRF-7).

1 than a year while current liabilities are obligations that must be repaid within one  
2 year. A company with a positive working capital position is one where current assets  
3 exceed current liabilities. The strength of a company's working capital position is  
4 typically measured as the ratio of current assets to current liabilities. A working  
5 capital ratio that is greater than 1.0 indicates that a company has sufficient resources  
6 to pay its short-term debts.

7 **Q. WHAT WAS HOMES' WORKING CAPITAL POSITION AT THE END OF**  
8 **2007?**

9 **A.** Home's 2007 Annual Report shows that it had the following current assets and  
10 current liabilities resulting in a working capital ratio of **\*\*\*BEGIN**

11 **CONFIDENTIAL \*\*\***<sup>12</sup>

12 **\*\*\*BEGIN CONFIDENTIAL**

13  
14 **END CONFIDENTIAL \*\*\***

15 Home had **\*\*\*BEGIN CONFIDENTIAL** **END**

16 **CONFIDENTIAL** resources to satisfy its short-term obligations at the end of

17 2007. Its working capital ratio demonstrates that Home has **\*\*\*BEGIN**

<sup>12</sup> See 2007 Annual Report, Balance Sheet, Exhibit WRF-3.

1 **CONFIDENTIAL** **END CONFIDENTIAL** \*\*\* liquidity, further signifying its

2 **\*\*\*BEGIN CONFIDENTIAL** **END CONFIDENTIAL** \*\*\* financial position.

3 **Q. WHAT DOES THE DEBT-TO-EQUITY RATIO MEASURE?**

4 A. It measures the relative proportion of debt and equity used to finance a company's

5 assets. Home's 2007 Annual Report shows that it has **\*\*\* BEGIN**

6 **CONFIDENTIAL** **END CONFIDENTIAL** \*\*\* long-term debt and is capitalized

7 **\*\*\*BEGIN CONFIDENTIAL** **END CONFIDENTIAL** \*\*\* by

8 stockholder's equity.<sup>13</sup> Therefore, it has **\*\*\*BEGIN CONFIDENTIAL** **END**

9 **CONFIDENTIAL** Debt / Equity ratio at this time.

10 **\*\*\*BEGIN CONFIDENTIAL**

11  
12 **END CONFIDENTIAL**

13 Since Home does not have to commit **\*\*\*BEGIN CONFIDENTIAL** **END**

14 **CONFIDENTIAL** of its cash flow to service debt, it can use its cash to invest in

15 network infrastructure, product development, and other undertakings that will

16 improve its service offerings and overall quality of service, making it a capable player

17 as competition develops in the market.

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<sup>13</sup> See 2007 Annual Report, Balance Sheet, Exhibit WRF-3.

**B. Home's Financial Performance (2003 – 2007)**

**Q. HOW WOULD YOU DESCRIBE HOMES' FINANCIAL PERFORMANCE  
OVER THE LAST FIVE YEARS?**

A. Based upon my review of Home's Annual Reports for the period 2003 – 2007, Home has been able to mitigate a slight decline in residential access lines with increases in business access lines resulting in virtually static total access lines over the five-year period. As noted previously, Home also generated significant Net Margins with profits exceeding 20% of revenue each year. The following table illustrates the strong performance exhibited by Home over the last five years.<sup>14</sup>

**\*\*\*BEGIN CONFIDENTIAL**

**END CONFIDENTIAL**

<sup>14</sup> See 2003 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-4. See 2004 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-5. See 2005 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-6. See 2006 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-7. See 2007 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-3.

1 In 2003, its total revenue was \$22.1 million and it had 22,937 total access lines. In  
2 2007, Home had \$24.0 million in revenue and 22,629 total access lines. Revenue  
3 increased by 9% despite total access lines declining by 1%. Home earned \$7.1  
4 million in net income in 2003 and \$5.5 million in 2007 resulting in a decline of 22%  
5 between the two time periods. However, Home earned \$9.9 million in 2006 or over  
6 1.5 times its average net income over the other four years. Consequently, retained  
7 earnings increased by \*\*\*BEGIN CONFIDENTIAL END  
8 CONFIDENTIAL from 2003 to 2007, from \*\*\*BEGIN CONFIDENTIAL  
9 CONFIDENTIAL\*\*\*.

10 **Q. WHAT IS NET MARGIN AND WHAT IS ITS SIGNIFICANCE?**

11 A. Net Margin is a measure of profitability used by investors and financial analysts. Net  
12 Margin is calculated by dividing a firm's net profit by net sales. This ratio is used to  
13 measure a firm's performance over time. It can also be used to compare the firm's  
14 performance with other companies in the same industry.

15 **Q. WHAT WAS HOME'S NET MARGIN OVER THE PERIOD 2003 – 2007?**

16 A. As noted in the table above, Home's Net Margin ranged from a low of 22.9% in 2007  
17 to a high of 42.2% in 2006. In comparison AT&T South Carolina's 2007 Net Margin  
18 was only 8.7%.<sup>15</sup> Compared to the largest telecommunications carrier in South  
19 Carolina, Home is an extremely profitable company.

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<sup>15</sup> See 2007 Telecommunications Company Annual Report of BellSouth Telecommunications, Inc.  
DBA: AT&T South Carolina, Operating Revenue & Expenses. Net Income of \$89,258,446 divided  
by Total Operating Revenue of \$1,030,269,190 results in an 8.7% Net Margin. Cited portions of 2007  
Annual Report are attached as Exhibit WRF-8.

**Q. HOW HAS HOME BENEFITED FROM UNIVERSAL SERVICE FUND SUPPORT?**

**A.** Home receives both state and federal universal service fund ("USF") support. The trend by year is reflected in the table below:<sup>16</sup>

	FEDERAL USF							TOTAL STATE AND FEDERAL USF
	STATE USF	HCL	ICLS	LSS	LTS	SNA	TOTAL FEDERAL USF	
<b>Home Telephone</b>								
2003	\$1,059,778	\$1,882,784	\$ 525,989	\$ 535,794	\$ 806,424	\$ -	\$ 3,750,991	\$ 4,810,769
2004	\$1,558,712	\$1,611,291	\$1,231,872	\$ 604,151	\$ 407,784	\$ -	\$ 3,855,038	\$ 5,413,810
2006	\$2,437,577	\$1,568,433	\$1,917,053	\$ 516,804	\$ -	\$ -	\$ 4,002,290	\$ 6,439,867
2006	\$2,522,680	\$1,478,538	\$2,152,572	\$ 506,724	\$ -	\$ -	\$ 4,137,834	\$ 6,660,514
2007	\$2,397,049	\$1,151,472	\$2,395,872	\$ 661,176	\$ -	\$ -	\$ 4,208,520	\$ 6,605,569
Ratio 2007 to 2003	126%	-39%	356%	23%	-100%		12%	37%

In 2003, it received \$1.1 million in state USF support and \$3.7 million in federal USF support for a total of \$4.8 million. State USF support has been increasing each year to \$2.4 million in 2007 resulting in a 126% increase in 2007 state USF receipts over 2003. Federal USF receipts have increased by 12% since 2003 to \$4.2 million. Home's increasing USF support as a percentage of total revenue over the five-year period is shown in the table below which is a synthesis of the two previous tables:

<sup>16</sup> South Carolina USF disbursements are from Home's Response to TWCIS 1st Set of Interrogatories, No. 1-11. Federal USF disbursements are from Universal Service Administration Company data available at <http://www.usac.org/hc/tools/disbursements/>.

	OPERATING REVENUE (COMBINED)		
	TOTAL	TOTAL STATE AND FEDERAL USF	% REVENUE FROM USF
<b>Home Telephone</b>			
<b>2003</b>	\$ 22,080,580	\$ 4,810,769	22%
<b>2004</b>	\$ 21,792,892	\$ 5,413,810	25%
<b>2005</b>	\$ 22,725,763	\$ 6,439,867	28%
<b>2006</b>	\$ 23,516,422	\$ 6,660,514	28%
<b>2007</b>	\$ 23,960,367	\$ 6,605,569	28%
<b>Ratio 2007 to 2003</b>	<b>9%</b>	<b>37%</b>	

In short, USF support is a significant and growing portion of Home's revenue stream, and it will continue to provide a safety net to Home in the face of competition.

**Q. IF HOME LOSES ADDITIONAL LINES AND REVENUE DUE TO MARKET SHARE LOSS TO TWCIS, WILL IT RECEIVE EVEN MORE USF SUPPORT THAN IT DOES TODAY?**

**A.** Yes. When an RLEC such as Home loses access lines, its cost per loop increases since its relatively static network costs are divided over fewer lines. As an RLEC's cost per loop increases over the national average cost per line, it will receive additional federal USF support. Regarding the state USF, LECs can receive additional support in two different ways. First, it can file for rate reductions to services priced above cost and recover projected lost revenue from the state USF. This allows an RLEC to adjust its prices to meet or beat the competition.<sup>17</sup> Second,

<sup>17</sup> See Docket No. 97-239-C, Order No. 2001-996, Exhibit A – Guidelines for South Carolina Universal Service Fund, § 9, page 7.

1 if an RLEC loses its lower cost customers to competition, it can petition the  
2 Commission to approve a new cost study reflecting its change in cost per line.<sup>18</sup>

3 **Q. GIVEN THE FINANCIAL STRENGTH OF HOME, WILL TWCIS' ENTRY**  
4 **INTO HOME'S MARKET ADVERSLEY IMPACT THE AFFORDABILITY**  
5 **OF LOCAL EXCHANGE SERVICE?**

6 A. No. To the contrary, TWCIS' entry in Home's market will increase customer choice  
7 and potentially lead to lower prices.

8 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 A. Yes, it does.

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<sup>18</sup> See S.C. Code § 58-9-280(E).



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PUBLIC SERVICE COMMISSION  
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**Docket No. 2008-327-C**

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In Re: Application of Time Warner Cable Information )  
Services (South Carolina) LLC, d/b/a Time )  
Warner Cable to Amend its Certificate of Public )  
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Telephone Services in the Service Area of )  
Home Telephone Company, Inc. and for Alternative )  
Regulation )

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**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-1**

**Curriculum Vitae**

## **Warren R. Fischer, C.P.A.**

**Chief Financial Officer  
QSI Consulting, Inc.**

2500 Cherry Creek Drive South  
Suite 319  
Denver, Colorado, 80209-3279  
(303) 722-2684 voice  
(303) 883-9014 mobile  
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[WFischer@QSIconsulting.com](mailto:WFischer@QSIconsulting.com)

### **Biography**

Mr. Fischer is a QSI partner and currently serves as Chief Financial Officer in QSI's Telecommunications Division. Mr. Fischer has over 13 years of experience in the telecommunications industry and joined QSI after five years of service within AT&T's Local Service & Access Management and Wireless Services divisions. During his telecommunications career, Mr. Fischer has focused his attention largely on TELRIC pricing, local market entry, Section 271 compliance, access and universal service reform issues, billing disputes, and damages assessment.

Mr. Fischer is an experienced and effective expert witness who has provided expert testimony in over 30 proceedings before 18 state utility commissions and other administrative agencies. Mr. Fischer is an active Certified Public Accountant who is licensed in the States of Colorado and California. Mr. Fischer's professional experience as a C.P.A. includes two years in public practice with Deloitte and Touche LLP and over 20 years of managing financial analysis, reporting and forecasting processes for various multi-national corporations.

### **Educational Background**

**Bachelor of Science, Business Administration (emphasis in Accounting)**  
University of Colorado at Boulder, Boulder, Colorado

1984



## Professional Experience

### **QSI Consulting, Inc.**

2000 - Current  
Chief Financial Officer

### **AT&T Corp.**

1997 - 2000  
Financial Manager  
1996 - 1997  
Supervisor  
Network Services Division

### **AT&T Wireless Services**

1995 - 1996  
Marketing Analyst / Planner  
Cellular Division

### **E. & J. Gallo Winery**

1994 - 1995  
Senior Financial Analyst  
1991 - 1994  
Operations Accountant

### **Century 21 Real Estate Corporation**

1987 - 1991  
Financial Analyst

### **Deloitte & Touche LLP**

1985 - 1987  
Audit-in-Charge

## Expert Testimony – Profile

*The information below is Mr. Fischer's best effort to identify all proceedings wherein he has either provided pre-filed written testimony, an expert report or provided live testimony.*

### **Before the Federal Communications Commission**

**File Nos. EB-01-MD-001 and EB-01-MD-002**

*In the matter of the formal complaints of AT&T corp. and Sprint Communications Company L.P., vs. Business Telecom, Inc.*

On behalf of Business Telecom, Inc.  
Affidavit

February 23, 2001

### **Before the Public Utilities Commission of the State of Colorado**

**Docket No. 99A-161T**

*In the matter of the application of U S WEST Communications, Inc., to reduce business basic exchange and long-distance revenues upon receipt of the Colorado high-cost support mechanism in accordance with Decision No. C 99-222*

On behalf of AT&T Communications of the Mountain States, Inc.  
Direct

August 6, 1999

### **Before the Public Utilities Commission of the State of Colorado**

**Docket No. 98A-068T**

*In the matter of the application of U S WEST Communications, Inc., to restructure and reduce switched access rates pursuant to the stipulation in Docket No. 97A-540T*

On behalf of AT&T Communications of the Mountain States, Inc.  
Amended Direct  
Supplemental

May 17, 1999

June 9, 1999

**In The United States District Court for The Middle District Of Florida, Jacksonville Division  
Civil Action No. 3:07-CV-598-J-32MCR**

*James D. Hinson Electrical Contracting Co., Inc., Individually and On Behalf Of All Others Similarly  
Situated, Plaintiff, v. BellSouth Telecommunications, Inc., Defendant*

On behalf of Plaintiff

Declaration

Expert Report

September 18, 2007

August 1, 2008

**Before the Public Service Commission of Florida**

**Docket No. 041464-TP**

*Petition of Sprint-Florida, Inc. for Arbitration of an Interconnection Agreement with Florida Digital  
Network, Inc. Pursuant to Section 252 of the Telecommunications Act of 1996*

On Behalf of Florida Digital Network, Inc. D/B/A FDN Communications

Direct

May 27, 2005

**Before the Public Service Commission of Florida**

**Docket No. 990649B-TP**

*In re: investigation into pricing of unbundled network elements*

On Behalf of AT&T Communications of the Southern States, Inc., MCImetro Access Transmission  
Services, LLC & MCI WorldCom Communications, Inc., and Florida Digital Network, Inc. (collectively  
called the "ALEC Coalition")

Rebuttal

January 30, 2002

**Before the Illinois Commerce Commission**

**Docket No. 02-0864**

*Illinois Bell Telephone Company: Filing to increase unbundled loop and nonrecurring rates (tariffs filed  
December 24, 2002)*

On Behalf of AT&T Communications of Illinois, Inc., WorldCom, Inc. ("MCI"), McLeodUSA  
Telecommunications Services, Inc., Covad Communications Company, TDS Metrocom, LLC, Allegiance  
Telecom of Illinois, Inc., RCN Telecom Services of Illinois, LLC, Globalcom, Inc., Z-Tel  
Communications, Inc., XO Illinois, Inc., Forte Communications, Inc., and CIMCO Communications, Inc.

Direct

May 6, 2003

Rebuttal

January 20, 2004

Surrebuttal

February 20, 2004

Supplemental Surrebuttal

May 5, 2004

**Before the Indiana Utility Regulatory Commission**

**Cause No. 42393**

*In the matter of the commission investigation and generic proceeding of rates and unbundled network  
elements and collocation for Indiana Bell Telephone Company, Incorporated d/b/a SBC Indiana pursuant  
to the Telecommunications Act of 1996 and related Indiana statutes*

On behalf of AT&T Communications of Indiana, G.P. and TCG Indianapolis ("AT&T"), WorldCom, Inc.  
("MCI"), McLeodUSA Telecommunications Services, Inc., Covad Communications Company, and Z-Tel  
Communications, Inc.

Response

August 15, 2003

**Before the Public Service Commission of Maryland**

**Case No. 8879**

*In the matter of the investigation into rates for unbundled network elements pursuant to the  
Telecommunications Act of 1996*

On Behalf of the Staff of the Public Service Commission of Maryland

Rebuttal

September 5, 2001

Supplemental Rebuttal

October 4, 2001

Surrebuttal

October 15, 2001

**Before the Massachusetts Department of Telecommunications and Energy**

*Docket DTE 06-61 Investigation by the Department on its own motion as to the propriety of the rates and charges set forth in the following tariff: M.D.T.E. No. 14, filed with the Department on June 16, 2006, to become effective July 16, 2006, by Verizon New England, Inc. d/b/a Verizon Massachusetts*

On Behalf of Broadview Networks, Inc.; DSCI Corporation; Eureka Telecom, Inc. d/b/a InfoHighway Communications; Metropolitan Telecommunications of Massachusetts, Inc., a/k/a MetTel; New Horizon Communications; and One Communications (collectively "CLEC Coalition")

Rebuttal Panel Testimony

September 12, 2006

**Before the Massachusetts Department of Telecommunications and Energy****Docket DTE 01-20**

*Investigation by the department on its own motion into the appropriate pricing, based upon total element long-run incremental costs, for unbundled network elements and combinations of unbundled network elements, and the appropriate avoided cost discount for Verizon New England Inc., d/b/a Verizon Massachusetts' resale services*

On Behalf of the CLEC Coalition

Rebuttal

July 17, 2001

**Before the Michigan Public Service Commission****Case No. U-13531**

*In the matter, on the commission's own motion, to review the costs of telecommunications services provided by SBC Michigan*

On behalf of AT&T Communications of Michigan, Inc., and TCG Detroit ("AT&T")

Initial

January 20, 2004

Final Reply

May 10, 2004

**Before the Michigan Public Service Commission****Case No. U-11756**

*In the matter of the complaint of Michigan Pay Telephone Association et al. Against Ameritech Michigan and Verizon North Inc., f/k/a GTE North Incorporated*

On behalf of Michigan Pay Telephone Association and the other payphone service provider Complainants

Direct

February 10, 2003

**Before The Office Of Administrative Hearings For The Minnesota Public Utilities Commission****MPUC Docket No. P-421/AM-06-713, OAH Docket No. 3-2500-17511-2**

*In the matter of Qwest Corporation's Application for Commission Review of TELRIC Rates Pursuant to 47 U.S.C. § 251*

On behalf of Integra Telecom of Minnesota, Inc.; McLeodUSA Telecommunications Services, Inc.; POPP.com, Inc.; DIECA Communications, Inc., d/b/a Covad Communications Company; TDS Metrocom; and XO Communications of Minnesota, Inc., ("The CLEC Coalition")

Direct

August 24, 2007

**Before the Public Service Commission of the State of Montana****Docket No. D97.5.87**

*IN THE MATTER OF the Investigation into US WEST Communications, Inc.'s Compliance with Section 271(c) of the Telecommunications Act of 1996*

On behalf of AT&T Communications of the Mountain States

Direct

June 1998

Rebuttal

June 1998

Supplemental Rebuttal

November 1998

**Before the Public Service Commission of the State of Montana****Docket No. D96.12.220***IN THE MATTER of the Application of US WEST Communications, Inc. to Restructure its Prices for Regulated Telecommunications Service.*

On behalf of AT&amp;T Communications of the Mountain States, Inc.

Direct

October 1997

**Before the Nebraska Public Service Commission****Application No. C-1628***In the matter of the Nebraska Public Service Commission, on its own motion, seeking to conduct an investigation into intrastate access charge reform and intrastate universal service fund*

On behalf of AT&amp;T Communications of the Midwest, Inc.

Direct

October 20, 1998

**Before the Nebraska Public Service Commission****Application No. C-1830***In the Matter of US West Communications, Inc., filing its notice of intention to file Section 271(c) application with the FCC and request for Commission to verify US West compliance with Section 271(c)*

On behalf of AT&amp;T Communications of the Midwest, Inc.

Direct and rebuttal

August 1998

**Before the Nebraska Public Service Commission****Docket No. C-1519***In the matter of the emergency petition of MCI Telecommunications Corporation and AT&T Communications of the Midwest, Inc. to investigate compliance of Nebraska LECs with FCC payphone orders*

On behalf of AT&amp;T Communications of the Midwest, Inc.

Direct

January 20, 1998

**Before the New Mexico State Corporation Commission****Docket No. 96-310-TC and Docket No. 97-334-TC***In the matter of the consideration of the adoption of a rule concerning costing methodologies and In the matter of the implementation of new rules related to the rural, high-cost, and low-income components of the New Mexico universal service fund**On behalf of AT&T Communications of the Mountain States, Inc.*

Direct

July 8, 1998

Rebuttal

August 5, 1998

**Before the New Mexico State Corporation Commission****Docket No. 97-106-TC***In The Matter Of Qwest Corporation's Section 271 Application And Motion For Alternative Procedure To Manage The Section 271 Process*

On behalf of AT&amp;T Communications of the Mountain States, Inc.

Direct

July 1998

Rebuttal

July 1998

Reply

September 1998

**Before the New Mexico State Corporation Commission****Docket No. 97-69-TC**

On behalf of AT&amp;T Communications of the Mountain States, Inc.

Direct

March 20, 1997

**Before the North Carolina Utilities Commission****Docket No. P-100, Sub 133d, Phase I***In the matter of general proceeding to determine permanent pricing for unbundled network elements*

On Behalf of New Entrants

Direct

August 11, 2000

**Before the Public Service Commission of the State of North Dakota****Case No. PU-05-451***Midcontinent Communications, a South Dakota Partnership, Complainant vs. North Dakota Telephone Company, Respondent*

On behalf of Midcontinent Communications

Direct

December 21, 2005

Rebuttal

January 16, 2006

**Before the Public Service Commission of the State of North Dakota****Docket No. PU-314-97-465***In the matter of U S WEST Communications, Inc., universal service costs investigation*

On behalf of AT&amp;T Communications of the Midwest, Inc.

Rebuttal

February 27, 1998

**Before the Public Utilities Commission of Ohio****Case No. 02-1280-TP-UNC, Phase II***In the matter of the Review of SBC Ohio's TELRIC Costs for Unbundled Network Elements*

On behalf of MCIMetro Access Transmission Services, LLC, McLeodUSA Telecommunications Services, Inc., Covad Communications Company, NuVox Communications of Ohio, Inc., and XO Ohio, Inc.

Direct

August 8, 2005

**Before the State of South Dakota Public Utilities Commission****Docket No. TC07-117***In The Matter of the Petition Of Midcontinent Communications For Approval Of Its Intrastate Switched Access Tariff And For An Exemption From Developing Company-Specific Cost-Based Switched Access Rates*

On behalf of Midcontinent Communications

Direct

July 15, 2008

**Before the State Office of Administrative Hearings (Texas)****SOAH Docket No. 473-07-1365, PUC Docket No. 33545***Application of McLeodUSA Telecommunications Services, Inc. For Approval of Intrastate Switched Access Rates Pursuant To PURA Section 52.155 And PUC Subst. R. 26.223*

On behalf of McLeodUSA Telecommunications Services, Inc.

Rebuttal

May 24, 2007

**Before the Public Service Commission of Wisconsin****Docket No. 6720-TI-187***Petition of SBC Wisconsin to determine rates and costs for unbundled network elements*

On behalf of AT&amp;T Communications of Wisconsin, L.P. and TCG Milwaukee ("AT&amp;T"), and MCI, Inc.

Rebuttal

June 15, 2004

**Before the Wyoming Public Service Commission****Docket No. 70000-TA-98-442***In the matter of the second application of U S WEST Communications, Inc., for a finding that its interexchange telecommunications services are subject to competition*

On behalf of AT&amp;T Communications of the Mountain States, Inc.

Direct

January 6, 1999

**Before the Wyoming Public Service Commission****Docket No. 70000-TR-98-420**

*In the matter of the application of U S WEST Communications, Inc., for authority to implement price ceiling in conjunction with its proposed Wyoming price regulation plan for essential and noncompetitive telecommunication services*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

September 9, 1998

**Before the Wyoming Public Service Commission****General Order No. 81**

*In the matter of the investigation by the Commission of the feasibility of developing its own costing model for use in determining federal universal service fund support obligations in Wyoming*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

Amended Direct

Rebuttal

November 1997

January 23, 1998

February 6, 1998

**Before the Wyoming Public Service Commission****Docket No. 72000-TI-97-107 and Docket No. 70000 TI-97-352**

*In the matter of the petition of AT&T for the Commission to initiate investigation of U S WEST Communications, Inc.'s compliance with Section 271 of the Telecommunications Act of 1996*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

1998

**Before the Wyoming Public Service Commission****Docket No. 72000-TC-97-99**

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

May 15, 1997

**Before the Wyoming Public Service Commission****Docket No. 70007-TR-95-15**

On behalf of AT&T Communications of the Mountain States, Inc.

Adopted Pre-filed Direct

October 1996

**Selected Reports, Presentations and Publications**

QSI Final Report to the Hawaii Public Utilities Commission "Analysis and Recommendations Related to Docket No. 04-0140 *Merger Application Of Paradise Mergersub, Inc. (n/k/a Hawaiian telecom Mergersub, Inc.), Verizon Hawaii, Inc. and Related Companies*" February 7, 2005

QSI Technical Report No. 012605A "IP-Enabled Voice Services: Impact of Applying Switched Access Charges to IP-PSTN Voice Services"

*Ex Parte filing in FCC dockets WC Dockets No. 04-36 (In the Matter of IP-Enabled Services), 03-266 (In the Matter of Level 3 Communications LLC Petition for Forbearance Under 47 U.S.C. § 160(c) from Enforcement of 47 U.S.C. § 251(g), Rule 51.701(b)(1), and Rule 69.5(b); IP Enabled Services)*  
Washington DC, January 27, 2005

QSI Report to the Wyoming Legislature "The Wyoming Universal Service Fund. *An Evaluation of the Basis and Qualifications for Funding*" December 3, 2004

QSI Management Audit Reports to the Wyoming Public Service Commission on the Wyoming Universal Service Fund:

1. For the period October 28, 1999 through December 31, 2001 (issued May 15, 2002)
2. For the period January 1, 2002 through December 31, 2004 (issued January 31, 2006)



**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-327-C**

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In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Home Telephone Company, Inc. and for Alternative	)
Regulation	)

---

**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-2**

**Home Telephone Company, Inc. Alternative Regulation Plan**

178373

**MCNAIR LAW FIRM, P.A.**  
ATTORNEYS AND COUNSELORS AT LAW

www.mcnairlaw.com

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1301 GERVAIS STREET, 17TH FLOOR  
COLUMBIA, SOUTH CAROLINA 29201

POST OFFICE BOX 11380  
COLUMBIA, SOUTH CAROLINA 29211  
TELEPHONE (803)799-9800  
FACSIMILE (803)876-2277

2006-76-C

March 8, 2006

Mr. Charles L. A. Terreni  
Chief Clerk/Administrator  
South Carolina Public Service Commission  
Synergy Business Park, The Saluda Building  
101 Executive Center Drive  
Columbia, South Carolina 29210

Re: Home Telephone Company, Inc.  
Alternative Regulation Plan Pursuant to S.C. Code Ann. § 58-9-576

Dear Mr. Terreni:

Enclosed for filing on behalf of Home Telephone Company, Inc. ("Home"), please find an original and ten (10) copies of an Alternative Regulation Plan.

On January 18, 2006, the Commission approved a local interconnection agreement between Home and MCImetro Access Transmission Services, LLC ("MCI"). Pursuant to S.C. Code Ann. § 58-9-576(A), any LEC may elect the alternative regulation plan described in S.C. Code Ann. § 58-9-576(B) if the Commission has approved a local interconnection agreement in which the LEC is a participant with an entity determined by the Commission not to be affiliated with the LEC. An Affidavit of William S. Helmly is being filed with this Plan to certify that Home is not affiliated with MCI.

Therefore, having met the statutory requirement for election of alternative regulation, Home hereby elects to have its rates, terms and conditions determined pursuant to the plan described in S.C. Code Ann. § 58-9-576(B), as set forth in the attached Alternative Regulation Plan, effective April 7, 2006.

In addition to the Alternative Regulation Plan and Affidavit of William S. Helmly, we are also enclosing a proposed Notice of Filing for the Commission's convenience.

Please clock in a copy of this filing and return it with our courier.

Thank you for your assistance.

Very truly yours,

*Margaret M. Fox*

Margaret M. Fox

Enclosures

cc: C. Dukes Scott, Esquire  
H. Keith Oliver

**HOME TELEPHONE COMPANY, INC.  
ALTERNATIVE REGULATION PLAN  
PURSUANT TO S.C. CODE ANN. § 58-9-576**

Filed March 8, 2006  
Effective April 7, 2006

1. Introduction

Pursuant to S.C. Code Ann. § 58-9-576(A), any local exchange carrier ("LEC") may elect to have the rates, terms, and conditions of its services determined pursuant to the alternative regulation plan described in S.C. Code Ann. § 58-9-576(B), provided the Public Service Commission of South Carolina ("Commission") has approved a local interconnection agreement in which the LEC is a participant with an entity determined by the Commission not to be affiliated with the LEC. The Commission has approved such an agreement for Home Telephone Company, Inc. ("Home"), and Home hereby elects to have the rates, terms, and conditions of its services determined pursuant to the alternative regulation plan described herein (the "Plan"), which conforms with the plan described in S.C. Code Ann. § 58-9-576(B).

In its regular agenda session on January 18, 2006, the Commission approved an interconnection agreement between Home and MCImetro Access Transmission Services, LLC ("MCF"). An Affidavit of William S. Helmly is being filed with this Plan to certify that Home is not affiliated with MCI.

The Plan described herein is in lieu of other forms of regulation including, but not limited to, rate of return or rate base monitoring or regulation.

2. Effective Date

The effective date of the Plan is April 7, 2006, which is not sooner than thirty days after filing with the Commission notice of election of the Plan. The Plan will apply to all local services offered by Home that are regulated by the Commission.

3. The Plan

- a. As of March 8, 2006, the date of notice of election of the Plan, existing rates, terms, and conditions for the services provided by Home contained in Home's then-existing tariffs and contracts are considered just and reasonable.
- b. Home is a "small LEC" for purposes of S.C. Code Ann. § 58-9-576(B)(3). S.C. Code Ann. § 58-9-10(14) defines "small LEC" to mean a "rural telephone company" as defined in the federal Telecommunications Act of 1996.

- c. Although Home is a "small LEC" for purposes of S.C. Code Ann. § 58-9-576(B)(3), Home's flat-rated local exchange services for residential and single-line business customers are currently priced at the statewide average local service rates for those services, weighted by number of access lines, as shown in Home's local service tariff on file with the Commission. Therefore, the requirements of S.C. Code Ann. § 58-9-576(B)(3) and (4) are not waived for Home, and Home's residential and single-line business rates shall be frozen for a period of two years from the date of election of this Alternative Regulation Plan and, after the expiration of the two-year period, may be adjusted on an annual basis pursuant to an inflation-based index.
- d. Home will set rates for all other services on a basis that does not unreasonably discriminate between similarly situated customers. All such rates are subject to a complaint process for abuse of market position in accordance with Commission rules and procedures.
- e. Except when exempted by law, Home will file tariffs for price changes or new services with respect to its local exchange services (including residential and single-line business services) that set out the terms and conditions of the services and the rates for such services. Tariffs will be presumed valid and become effective seven days after filing for price decreases and fourteen days after filing for price increases and new services.
- f. As provided for in S.C. Code Ann. § 58-9-576(B), the Plan applies in lieu of rate of return or rate base regulation. Thus, the procedures set forth above for changes in rates are to be used in lieu of traditional rate-of-return procedures for determining rates, terms, and conditions for service, as found in S.C. Code Ann. §§ 58-9-510 through -570 and in 26 Code Ann. Regs. 103-834(A)(3).

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

Docket No. 2006-\_\_\_\_\_-C

IN RE: Home Telephone Company, Inc. Alternative )  
Regulation Plan Filed Pursuant to S.C. Code )  
Ann. § 58-9-576 ) **AFFIDAVIT**  
 ) **OF**  
 ) **WILLIAM S. HELMLY**

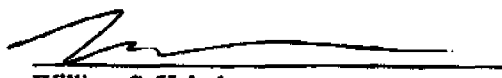
STATE OF SOUTH CAROLINA

COUNTY OF BERKELEY

PERSONALLY APPEARED BEFORE ME the undersigned WHO, BEING DULY  
SWORN, deposed and said:

1. My name is William S. Helmly. I am employed by Home Telephone Company, Inc. (the "Company") as its President and Chief Operating Officer. I am an officer of the Company and am authorized to give this affidavit on behalf of the Company.
2. Home Telephone Company, Inc., hereby certifies that it is not affiliated with MCImetro Access Transmission Services, LLC.

FURTHER AFFIANT SAYETH NOT.

  
William S. Helmly  
President and Chief Operating Officer

Subscribed to and sworn before me this 7th day of March, 2006.

  
NOTARY PUBLIC FOR SOUTH CAROLINA

Debra D. McGriff  
(Print Name of Notary)  
My Commission Expires: September 28, 2009

**~~HOME TELEPHONE COMPANY PROPOSED NOTICE OF FILING~~**

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA**

**DOCKETING DEPARTMENT**

**NOTICE OF FILING**

**DOCKET NO. 2006-\_\_-C**

Home Telephone Company, Inc. ("Home Telephone") has filed with the Public Service Commission of South Carolina ("Commission") a request to have its rates, terms and conditions determined pursuant to the plan described in S.C. Code Ann. § 58-9-576(B). Pursuant to S.C. Code Ann. § 58-9-576(A), any local exchange carrier ("LEC") may elect to have the rates, terms and conditions of its services determined pursuant to the alternative regulation plan described in S.C. Code Ann. § 58-9-576(B), provided the Commission has approved a local interconnection agreement in which the LEC is a participant with an entity determined by the Commission not to be affiliated with the LEC. The Commission has approved such an agreement on January 18, 2006 between Home Telephone and MCImetro Access Transmission Services, LLC ("MCI"). Home Telephone elects to have its rates, terms, and conditions determined pursuant to the Plan described in S.C. Code Ann. § 58-9-576(B) as set forth in its Alternative Regulation Plan, effective date April 7, 2006.

A copy of the Application is on file in the offices of the Commission, 101 Executive Center Drive, Columbia, South Carolina 29210, the Commission's web site at [www.psc.sc.gov](http://www.psc.sc.gov), and is available from Margaret M. Fox, Esquire, Post Office Box 11390, Columbia, South Carolina 29211. Interested persons may contact the Commission or counsel for PBT for additional information concerning the Plan. *Please refer to Docket No. 2006-\_\_-C.*

Persons seeking information about the Commission's Procedures should contact the Commission at (803) 896-5100.

Public Service Commission of South Carolina  
Attn: Docketing Department  
Post Office Drawer 11649  
Columbia, South Carolina 29211

MAR-\_\_-06

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-327-C**

---

In Re: Application of Time Warner Cable Information )  
Services (South Carolina) LLC, d/b/a Time )  
Warner Cable to Amend its Certificate of Public )  
Convenience and Necessity to Provide )  
Telephone Services in the Service Area of )  
Home Telephone Company, Inc. and for Alternative )  
Regulation )

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Fischer Testimony Exhibit WRF-3

HOME TELEPHONE CO.'S

2007 TELECOMMUNICATIONS COMPANY ANNUAL REPORT

INCLUDING CONFIDENTIAL SCHEDULES

**CONFIDENTIAL AND PROPRIETARY**

**FILED UNDER SEAL**

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-327-C**

---

In Re:	Application of Time Warner Cable Information	)
	Services (South Carolina) LLC, d/b/a Time	)
	Warner Cable to Amend its Certificate of Public	)
	Convenience and Necessity to Provide	)
	Telephone Services in the Service Area of	)
	Home Telephone Company, Inc. and for Alternative	)
	Regulation	)

---

**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-4**

**Cited Portions of Home's 2003 Telecommunications Company Annual Report**



pscsc 2/2001

## ANNUAL REPORT

Name Home Telephone Company, Inc.

Address P.O. Box 1194, Moncks Corner, SC 29461

Telephone Number (843) 761-9101

## TELEPHONE UTILITY

TO

PUBLIC SERVICE COMMISSION OF SC

FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2003

or Fiscal Year Ending \_\_\_\_\_

Due on April 1st

For Fiscal Year Ending other than December 31, Report is due within 3 months after

Fiscal Year Ending.

May use additional blank pages if needed

All entries should be in ink or typewriter

**Schedule #2-Operating Revenue & Expenses**

<b>Year Ending</b>	<b>December 31, 2003</b>	<b>or Fiscal Year Ending</b>	<b>Intrastate Gross Receipts</b>
<b>Operating Revenues:</b>		<b>Combined</b>	
Local Network Services Revenue	5001-5069	8,517,506	
Network Access Service Revenues	5080	10,445,528	
Long Distance Revenues	5100-5169	457,471	
Miscellaneous Revenues	5230-5270	2,817,197	
Uncollectible Revenues	5301-5302	(157,122)	
<b>Total Revenues</b>		<b>22,080,580</b>	
<b>Operating Expenses:</b>			
Plant Specific Expenses	6112-6410	4,586,842	
Plant Nonspecific Expenses	6560	6,713,158	
Customer Operations Expenses	6620	2,402,692	
Corporate Operations Expenses	6711-6790	2,828,063	
Operating Taxes other than Income	7240	656,637	
Operating Investment Tax Credits-Net	7210	-	
Operating Taxes-Income-Current-Federal	7220	1,755,000	
Operating Taxes-Income-Current-State	7230	180,000	
Operating Taxes-Deferred Income-Net	7250	(32,000)	
<b>Total Operations Expenses</b>		<b>19,090,392</b>	
<b>Net Income from Operations</b>		<b>2,990,188</b>	
Interest Income	7320	375,475	
Nonoperating Income and Expenses	7310-7450	2,726,580	
Fixed Charges-(Other Than Interest on Debt)		28,955	
Interest Expense on Funded Debt	7510	-	
<b>Non-regulated Net Income</b>	<b>7610-7991</b>	<b>987,775</b>	
<b>Net Income</b>		<b>7,051,063</b>	

**Schedule #3-Balance Sheet**  
**Company: Home Telephone Company, Inc.**  
**Date of Balance Sheet: December 31, 2003**

**Assets:**

<b>Balance at Beginning of Year</b>	<b>Description</b>	<b>Balance at Close of Year</b>
	<b>Telecommunications Plant</b>	
69,823,083	Telephone Plant in Service	71,959,742
-	Property Held for Future Use	-
1,202,441	Telecommunications Plant under Construction	2,659,976
-	Telecommunications Plant Adjustment	-
-	Non-Operating Plant	-
-	Goodwill	-
71,025,524	Total Plant	74,619,718
45,128,603	Depreciation Reserve-Plant	49,268,722
-	Depreciation Reserve-Other	-
45,128,603	Total Depreciation Reserve	49,268,722
25,896,921	Net Telecommunications Plant	25,350,996
	<b>Non-Current Assets</b>	
110,000	Investments in Affiliated Companies	110,000
2,817,503	Investment in Non-Affiliated Companies	3,045,367
6,527,145	Non-Regulated Investments	7,364,985
-	Other Non-Current Assets	-
9,454,648	Total Non-Current Assets	10,520,352
	<b>Current Assets</b>	
627,040	Cash	474,702
13,379,598	Temporary Investments	18,117,821
1,028,092	Telecommunications Accounts Receivables	1,336,393
(59,907)	Allowance for Bad Debts	(59,907)

**Schedule #3-Balance Sheet-Continued**

**Assets-Continued:**

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	<b><u>Current Assets-Continued</u></b>	
764,397	Interest, Dividends & Other Accounts Receivable	793,246
-	Notes Receivable-Net	-
564,881	Materials & Supplies Inventory	323,335
16,304,101	Total Current Assets	20,985,590
	<b><u>Prepaid Accounts &amp; Deferred Charges</u></b>	
431,051	Prepays	-
213,500	Deferred Charges	230,500
644,551	Total Prepaid Accounts & Deferred Charges	230,500
52,300,221	Total Assets	57,087,438
	<b><u>Stockholders Equity</u></b>	
811,200	Capital Stock	811,200
-	Additional Paid in Capital	-
-	Treasury Stock	-
-	Other Capital	-
43,175,611	Retained Earnings	47,387,474
43,986,811	Total Stockholders Equity	48,198,674
	<b><u>Long Term Debt</u></b>	
-	Funded Debt	-
-	Reacquired Debt	-
-	Obligations Under Capital Leases	-
-	Advances from Affiliated Companies	-
-	Other Long Term Debt	-

**Schedule #3-Balance Sheet-Continued**

**Equity and Liabilities-Continued:**

<b>Balance at Beginning of Year</b>	<b>Description</b>	<b>Balance at Close of Year</b>
-	<b>Total Long Term Debt</b>	-
	<b>Current and Accrued Liabilities</b>	
3,377,089	<b>Accounts Payable</b>	4,141,194
-	<b>Notes Payable</b>	-
-	<b>Advance Billings and Payments</b>	-
108,550	<b>Customer Deposits</b>	-
-	<b>Current Maturities-Long Term Debt</b>	-
-	<b>Current Maturities-Capital Leases</b>	-
-	<b>Income Taxes Accrued</b>	-
166,863	<b>Other Accrued Taxes</b>	490,771
	<b>Other Accrued Liabilities</b>	
3,454,664	<b>Other Current Liabilities</b>	2,834,113
7,107,166	<b>Total Current and Accrued Liabilities</b>	7,466,078
	<b>Other Liabilities and Deferred Credits</b>	
-	<b>Other Long Term Liabilities</b>	
-	<b>Premium on Long Term Debt</b>	
-	<b>Unamortized Operating Investment Tax Credits-Net</b>	
-	<b>Unamortized Nonoperating Investment Tax Credits-Net</b>	
942,821	<b>Other Deferred Credits</b>	1,036,263
	<b>Net Current Deferred Operating Income Taxes</b>	
	<b>Net Current Deferred Nonoperating Income Taxes</b>	
394,000	<b>Net Noncurrent Deferred Operating Income Taxes</b>	379,000
(130,577)	<b>Net Noncurrent Deferred Nonoperating Income Taxes</b>	7,423
-	<b>Other Jurisdictional Liabilities and Deferred Credits</b>	-

**Schedule #3-Balance Sheet-Continued**

**Equity and Liabilities-Continued:**

<b>Balance at Beginning of Year</b>	<b>Description</b>	<b>Balance at Close of Year</b>
<b>1,206,244</b>	<b>Total Other Liabilities and Deferred Credits</b>	<b>1,422,686</b>
<b>8,313,410</b>	<b>Total Liabilities and Other Credits</b>	<b>8,888,764</b>
<b>52,300,221</b>	<b>Total Stockholders Equity and Liabilities</b>	<b>57,087,438</b>

**Schedule #4-Retained Earnings**

<b>Description</b>	<b>Debits</b>	<b>Credits</b>
<b>Retained Earnings Account</b>		
<b>Retained Earnings-Beginning of Year</b>		<b>43,175,611</b>
<b>Miscellaneous Debits to Retained Earnings</b>		<b>-</b>
<b>Miscellaneous Credits to Retained Earnings</b>		<b>-</b>
<b>Net Income or Loss From Operations</b>		<b>7,051,063</b>
<b>Retained Earnings-End of Year</b>		<b>50,226,674</b>
<b>Appropriated Retained Earnings:</b>		<b>-</b>
<b>Dividends Declared</b>	<b>2,839,200</b>	
<b>Other</b>		
<b>Unappropriated Retained Earnings:</b>		
<b>Jurisdictional Retained Earnings</b>		
<b>Other</b>		
<b>Retained Earnings-Total End of Year</b>		<b>47,387,474</b>





**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-327-C**

In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Home Telephone Company, Inc. and for Alternative	)
Regulation	)

**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-5**

**Cited Portions of Home's 2004 Telecommunications Company Annual Report**

**RECEIVED**

MAY 12 2005

ORS  
T,T,W,W/W

**PUBLIC SERVICE COMMISSION  
AND OFFICE OF REGULATORY STAFF**

**ANNUAL REPORT**

(Complete and Return with Annual Report)

[ x ] For Calendar Year Ending December 31, 2004

[ ] For Fiscal Year Ending \_\_\_\_\_

**IDENTIFICATION (legal title)**

PSC/ORS No. \_\_\_\_\_ (leave blank) Federal ID No. 57-0339548  
Check/Date: [ ] Sole Proprietorship [ ] Partnership [x] Corporation \_\_\_\_\_  
Name of Company: Home Telephone Company, Inc  
Doing Business As: \_\_\_\_\_  
Street Address: 579 Stoney Landing Road  
City Moncks Corner State SC Zip Code 29461  
Telephone No. (Include Area code) ( 843 ) 761-9101

**TYPE BUSINESS (CHECK ALL THAT APPLY)**

[ ] CLEC	[ ] ELECTRIC	[ ] WATER	[ ] TAXI
[x] ILEC	[ ] GAS	[ ] WATER/SEWER	[ ] LIMOUSINE
[ ] IXC	[ ] RAILROAD	[ ] SEWERAGE	[ ] SHUTTLE
[ ] HOUSEHOLD GOODS	[ ] HAZARDOUS WASTE		

**CONTACT (for purpose of this report)**

Contact Name: Alan Smoak  
Title: Accounting Manager Telephone: ( 843 ) 761-9169  
Email Address: Alan.Smoak@Hometelco.com Fax No. ( 843 ) 761-6869

**Schedule #2-Operating Revenue & Expenses**

Year Ending	December 31, 2004	or Fiscal Year Ending	Intrastate Gross Receipts
<b>Operating Revenues:</b>		<b>Combined</b>	
Local Network Services Revenue	5001-5069	8,177,851	
Network Access Service Revenues	5080	10,439,776	
Long Distance Revenues	5100-5169	296,502	
Miscellaneous Revenues	5230-5270	2,998,389	
Uncollectible Revenues	5301-5302	(119,626)	
<b>Total Revenues</b>		<b>21,792,892</b>	
<b>Operating Expenses:</b>			
Plant Specific Expenses	6112-6410	4,220,756	
Plant Nonspecific Expenses	6560	7,118,227	
Customer Operations Expenses	6620	2,421,754	
Corporate Operations Expenses	6711-6790	2,916,451	
Operating Taxes other than Income	7240	663,856	
Operating Investment Tax Credits-Net	7210	-	
Operating Taxes-Income-Current-Federal	7220	1,075,000	
Operating Taxes-Income-Current-State	7230	10,000	
Operating Taxes-Deferred Income-Net	7250	462,000	
<b>Total Operations Expenses</b>		<b>18,888,044</b>	
<b>Net Income from Operations</b>		<b>2,904,848</b>	
Interest Income	7320	707,337	
Nonoperating Income and Expenses	7310-7450	2,137,499	
Fixed Charges-(Other Than Interest on Debt)		44,872	
Interest Expense on Funded Debt	7510	-	
<b>Non-regulated Net Income</b>	<b>7610-7991</b>	<b>309,602</b>	
<b>Net Income</b>		<b>6,014,414</b>	

Schedule #3-Balance Sheet  
Company: Home Telephone Company, Inc.  
Date of Balance Sheet: December 31, 2004

**Assets:**

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	<b>Telecommunications Plant</b>	
71,959,742	Telephone Plant in Service	78,235,258
-	Property Held for Future Use	-
2,659,976	Telecommunications Plant under Construction	1,830,414
-	Telecommunications Plant Adjustment	-
-	Non-Operating Plant	-
-	Goodwill	-
74,619,718	Total Plant	80,065,672
49,268,722	Depreciation Reserve-Plant	54,151,398
-	Depreciation Reserve-Other	-
49,268,722	Total Depreciation Reserve	54,151,398
25,350,996	Net Telecommunications Plant	25,914,274
	<b>Non-Current Assets</b>	
110,000	Investments in Affiliated Companies	(44,550)
3,045,367	Investment in Non-Affiliated Companies	3,165,236
7,364,985	Non-Regulated Investments	6,564,865
-	Other Non-Current Assets	9,500,000
10,520,352	Total Non-Current Assets	19,185,551
	<b>Current Assets</b>	
474,702	Cash	481,993
18,117,821	Temporary Investments	9,094,314
1,336,393	Telecommunications Accounts Receivables	1,261,325
(59,907)	Allowance for Bad Debts	(60,000)

## Schedule #3-Balance Sheet-Continued

## Assets-Continued:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	<b><u>Current Assets-Continued</u></b>	
793,246	Interest, Dividends & Other Accounts Receivable	1,190,664
-	Notes Receivable-Net	-
323,335	Materials & Supplies Inventory	482,559
20,985,590	Total Current Assets	12,450,855
	<b><u>Prepaid Accounts &amp; Deferred Charges</u></b>	
-	Prepays	816,477
230,500	Deferred Charges	264,500
230,500	Total Prepaid Accounts & Deferred Charges	1,080,977
57,087,438	Total Assets	58,631,657
	<b><u>Stockholders Equity</u></b>	
811,200	Capital Stock	811,200
-	Additional Paid in Capital	-
-	Treasury Stock	-
-	Other Capital	-
47,387,474	Retained Earnings	50,157,088
48,198,674	Total Stockholders Equity	50,968,288
	<b><u>Long Term Debt</u></b>	
-	Funded Debt	-
-	Reacquired Debt	-
-	Obligations Under Capital Leases	-
-	Advances from Affiliated Companies	-
-	Other Long Term Debt	500,000

## Schedule #3-Balance Sheet-Continued

## Equity and Liabilities-Continued:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
-	Total Long Term Debt	500,000
	<u>Current and Accrued Liabilities</u>	
4,141,194	Accounts Payable	2,211,350
-	Notes Payable	-
-	Advance Billings and Payments	-
-	Customer Deposits	-
-	Current Maturities-Long Term Debt	-
-	Current Maturities-Capital Leases	-
-	Income Taxes Accrued	-
490,771	Other Accrued Taxes	166,578
	Other Accrued Liabilities	
2,834,113	Other Current Liabilities	2,693,240
7,466,078	Total Current and Accrued Liabilities	5,071,168
	<u>Other Liabilities and Deferred Credits</u>	
	Other Long Term Liabilities	
	Premium on Long Term Debt	
	Unamortized Operating Investment Tax Credits-Net	
	Unamortized Nonoperating Investment Tax Credits-Net	
1,036,263	Other Deferred Credits	1,120,778
	Net Current Deferred Operating Income Taxes	
	Net Current Deferred Nonoperating Income Taxes	
379,000	Net Noncurrent Deferred Operating Income Taxes	875,000
7,423	Net Noncurrent Deferred Nonoperating Income Taxes	96,423
-	Other Jurisdictional Liabilities and Deferred Credits	-

Schedule #3-Balance Sheet-Continued

Equity and Liabilities-Continued:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
1,422,686	Total Other Liabilities and Deferred Credits	2,092,201
8,868,764	Total Liabilities and Other Credits	7,663,369
57,087,438	Total Stockholders Equity and Liabilities	58,631,657

**Schedule #4-Retained Earnings**

<b>Description</b>	<b>Debits</b>	<b>Credits</b>
<b>Retained Earnings Account</b>		
<b>Retained Earnings-Beginning of Year</b>		<b>47,387,474</b>
<b>Miscellaneous Debits to Retained Earnings</b>		-
<b>Miscellaneous Credits to Retained Earnings</b>		-
<b>Net Income or Loss From Operations</b>		<b>6,014,414</b>
<b>Retained Earnings-End of Year</b>		<b>53,401,888</b>
<b>Appropriated Retained Earnings:</b>		-
<b>Dividends Declared</b>	<b>3,244,800</b>	
<b>Other</b>		
<b>Unappropriated Retained Earnings:</b>		
<b>Jurisdictional Retained Earnings</b>		
<b>Other</b>		
<b>Retained Earnings-Total End of Year</b>		<b>50,157,088</b>



### Total Number of Customers

[illegible]

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-327-C**

---

In Re: Application of Time Warner Cable Information )  
Services (South Carolina) LLC, d/b/a Time )  
Warner Cable to Amend its Certificate of Public )  
Convenience and Necessity to Provide )  
Telephone Services in the Service Area of )  
Home Telephone Company, Inc. and for Alternative )  
Regulation )

---

**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-6**

**Cited Portions of Home's 2005 Telecommunications Company Annual Report**

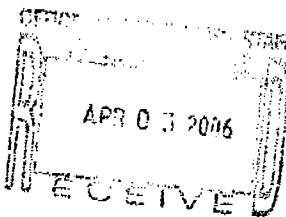
# TELECOMMUNIC COMPANY ANNUAL

OF

## Home Telephone Company, Inc.

Exact Legal Name of Respondent

\_\_\_\_\_  
PSC/ORS Number (leave blank)



**FOR THE YEAR ENDED 2005**

☒ Calendar Year Ending December 31, 2005

or

☐ Fiscal Year Ending \_\_\_\_\_



**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule #1-Operating Revenue & Expenses**

Year Ending December 31, 2005

<u>Operating Revenues:</u>	<u>Uniform System of Accounts</u>	<u>GA. Accounts</u>	<u>Combined</u>	<u>Intrastate</u>
Local Network Service Revenues	5001-5069		8,164,217	
Network Access Service Revenues	5080		11,475,371	
Long Distance Revenues	5100-5169		280,776	
Miscellaneous Revenues	5230-5270		2,863,723	
Uncollectible Revenues	5301-5302		(58,324)	
<b>Total Revenues</b>			<b>22,725,763</b>	
<u>Operating Expenses:</u>				
Plant Specific Expenses	6112-6410		4,431,597	
Plant Nonspecific Expenses	6560		7,846,404	
Customer Operations Expenses	6620		2,597,872	
Corporate Operations Expenses	6711-6790		3,108,625	
Operating Taxes other than Income	7240		659,470	
Operating Investment Tax Credits-Net	7210			
Operating Taxes-Income-Current-Federal	7220		2,120,000	
Operating Taxes-Income-Current-State	7230		75,000	
Operating Taxes-Deferred Income-Net	7250		(854,000)	
<b>Total Operations Expenses</b>			<b>19,984,968</b>	
<b>Net Income from Operations</b>			<b>2,740,795</b>	
Interest Income	7320		1,028,912	
Nonoperating Income and Expenses	7310-7450		1,284,604	
Fixed Charges-(Other Than Interest on Debt)			48,210	
Interest Expense on Funded Debt	7510			
<b>Non-regulated Net Income</b>	<b>7510-7591</b>		<b>298,136</b>	
Extraordinary Items				
<b>Net Income</b>			<b>5,304,239</b>	

**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule #2- Balance Sheet**

Date of Balance Sheet: December 31, 2005

Description	G/L Accounts	Balance at Close of Year
<b>Current Assets</b>		
Cash		817,526
Temporary Investments		12,691,363
Telecommunications Accounts Receivables		1,229,657
Allowance for Bad Debts		(60,000)
Interest, Dividends & Other Accounts Receivable		2,396,847
Notes Receivable-Net		-
Materials & Supplies Inventory		540,891
Other Current Assets		-
<b>Total Current Assets</b>		<b>17,416,284</b>
<b>Prepaid Accounts &amp; Deferred Charges</b>		
Prepays		335,610
Deferred Charges		255,000
<b>Total Prepaid Accounts &amp; Deferred Charges</b>		<b>590,610</b>
<b>Non-Current Assets</b>		
Investments in Affiliated Companies		-
Investment in Non-Affiliated Companies		-
Non-Regulated Investments		-
Other Non-Current Assets		17,505,654
<b>Total Non-Current Assets</b>		<b>17,505,654</b>
<b>Telecommunications Plant</b>		
Telephone Plant in Service		82,482,717
Property Held for Future Use		-
Telecommunications Plant under Construction		1,899,573
Telecommunications Plant Adjustment		-

Schedule #2- Balance Sheet-Continued

Description	GA Accounts	Balance at Close of Year
<b>Telecommunications Plant-Continued</b>		
Non-Operating Plant		-
Goodwill		-
Total Plant		84,382,290
Depreciation Reserve-Plant		58,942,893
Depreciation Reserve-Other		-
Total Depreciation Reserve		58,942,893
Net Telecommunications Plant		25,439,397
Total Assets		60,951,945
<b>Current and Accrued Liabilities</b>		
Accounts Payable		3,295,590
Notes Payable-Affiliated		-
Advance Billings and Payments		-
Customer Deposits		-
Current Maturities-Long Term Debt		-
Current Maturities-Capital Leases		-
Income Taxes Accrued		-
Other Accrued Taxes		163,938
Other Accrued Liabilities		-
Other Current Liabilities		2,791,534
Total Current and Accrued Liabilities		6,251,062
<b>Other Liabilities and Deferred Credits</b>		
Other Long Term Liabilities		-
Premium on Long Term Debt		-
Unamortized Operating Investment Tax Credits-Net		-

## Schedule #2- Balance Sheet-Continued

Description	G/L Accounts	Balance at Close of Year
<b>Other Liabilities and Deferred Credits-Continued</b>		
Unamortized Nonoperating Investment Tax Credits-Net		-
Other Deferred Credits		1,015,607
Net Current Deferred Operating Income Taxes		-
Net Current Deferred Nonoperating Income Taxes		-
Net Noncurrent Deferred Operating Income Taxes		11,000
Net Noncurrent Deferred Nonoperating Income Taxes		(108,000)
Other Jurisdictional Liabilities and Deferred Credits		-
<b>Total Other Liabilities and Other Credits</b>		<b>918,607</b>
<b>Long Term Debt</b>		
Funded Debt		-
Reacquired Debt		-
Obligations Under Capital Leases		-
Advances from Affiliated Companies		-
Other Long Term Debt		-
<b>Total Long Term Debt</b>		<b>500,000</b>
<b>Total Liabilities</b>		<b>7,669,669</b>
<b>Stockholders Equity</b>		
Capital Stock		811,200
Additional Paid In Capital		-
Treasury Stock		-
Other Capital		-
Retained Earnings		52,471,076
<b>Total Stockholders Equity</b>		<b>53,282,276</b>
<b>Total Stockholders Equity and Liabilities</b>		<b>60,951,945</b>

**Schedule #3-Retained Earnings**

<u>Description</u>	<u>Debits</u>	<u>Credits</u>
Retained Earnings Account		
Retained Earnings-Beginning of Year		50,157,088
Miscellaneous Debits to Retained Earnings		254,549
Miscellaneous Credits to Retained Earnings		-
Net Income or Loss From Operations		5,304,239
Retained Earnings-End of Year		55,715,876
Appropriated Retained Earnings:		-
Dividends Declared	3,244,800	
Other		-
Unappropriated Retained Earnings:		-
Jurisdictional Retained Earnings		-
Other		-
Retained Earnings-Total End of Year		52,471,076



**Schedule #7-Access Lines**

Total Business	<u>6,270</u>
Total Residence	<u>16,341</u>
Total Access Lines	<u>22,611</u>
Total Number of Customers	<u>N/A</u>
Total Wholesale Customers	<u>N/A</u>
Total Wholesale DSL Customers	<u>N/A</u>

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-327-C**

---

In Re: Application of Time Warner Cable Information )  
Services (South Carolina) LLC, d/b/a Time )  
Warner Cable to Amend its Certificate of Public )  
Convenience and Necessity to Provide )  
Telephone Services in the Service Area of )  
Home Telephone Company, Inc. and for Alternative )  
Regulation )

---

Fischer Testimony Exhibit WRF-7

HOME TELEPHONE CO.'S  
2006 TELECOMMUNICATIONS COMPANY ANNUAL REPORT  
INCLUDING CONFIDENTIAL SCHEDULES

**CONFIDENTIAL AND PROPRIETARY**

**FILED UNDER SEAL**

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-327-C**

---

In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Home Telephone Company, Inc. and for Alternative	)
Regulation	)

---

**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-8**

**Cited Portions of AT&T South Carolina's 2007 Telecommunications Company Annual Report**

# TELECOMMUNICATIONS COMPANY ANNUAL REPORT

OF

BellSouth Telecommunications, Inc.

DBA: AT&T South Carolina

Exact Legal Name of Respondent

\_\_\_\_\_  
PSC/ORS Number (leave blank)

FOR THE YEAR ENDED 2007

☒ Calendar Year Ending December 31, 2007

or

☐ Fiscal Year Ending \_\_\_\_\_



**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule #1-Operating Revenue & Expenses**

**Year Ending December 31, 2007**

<u>Operating Revenues:</u>	<u>Uniform System of Accounts</u>	<u>G/L Accounts</u>	<u>Combined</u>	<u>Intrastate</u>
Local Network Service Revenues	5001-5069	5000	474,968,464	474,968,464
Network Access Service Revenues	5080	5080	289,406,195	43,721,804
Long Distance Revenues	5100-5169	5100	21,914,109	21,682,309
Miscellaneous Revenues	5230-5270	5200	257,603,430	91,472,655
Uncollectible Revenues	5301-5302	5300	(13,633,008)	(8,544,689)
Total Revenues			1,030,259,190	623,300,643
<u>Operating Expenses:</u>				
Plant Specific Expenses	6112-6410	6112-6441	139,676,252	
Plant Nonspecific Expenses	6560	6511-6560	342,263,677	
Customer Operations Expenses	6610-6620	6611-6623	103,745,205	
Corporate Operations Expenses	6711-6790	6720-7100	83,980,679	
Operating Taxes other than Income	7240	7240	48,896,901	
Operating Investment Tax Credits-Net	7210	7210	(11)	
Operating Taxes-Income-Current-Federal	7220	7220	103,362,728	
Operating Taxes-Income-Current-State	7230	7230	11,843,793	
Operating Taxes-Deferred Income-Net	7250	7250	(7,273,626)	
Total Operations Expenses			826,495,498	
Net Income from Operations			203,763,692	
Interest Income	7320	7300.1200	37,638	
Nonoperating Income and Expenses	7310-7450	7300-7400 Less 7300.1200	(85,124,465)	
Fixed Charges-(Other Than Interest on Debt)		7500 Less 7500.1000	20,260,833	
Interest Expense on Funded Debt	7510	7500.1000	9,157,686	
Non-regulated Net Income	7610-7991	7600-7990	0	
Extraordinary Items				
Net Income			89,258,446	

**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule #2- Balance Sheet**

Date of Balance Sheet: December 31, 2007

<u>Description</u>	<u>G/L Accounts</u>	<u>Balance at Close of Year</u>
<b><u>Current Assets</u></b>		
Cash	1120	0
Temporary Investments	1120.6000	0
Telecommunications Accounts Receivables (See End Note C)	1170	N/A
Allowance for Bad Debts (See End Note C)	1171	N/A
Interest, Dividends & Other Accounts Receivable (See End Note C)	1170.8200	N/A
Notes Receivable-Net (See End Note C)	1170.8100	N/A
Materials & Supplies Inventory	1220	5,055,919
Other Current Assets	1350	0
<b>Total Current Assets</b>		<b>5,055,919</b>
<b><u>Prepaid Accounts &amp; Deferred Charges</u></b>		
Prepays	1280	0
Deferred Charges (See End Note B)	1437-1438	707,696
<b>Total Prepaid Accounts &amp; Deferred Charges</b>		<b>707,696</b>
<b><u>Non-Current Assets</u></b>		
Investments in Affiliated Companies	1410.1000	0
Investment in Non-Affiliated Companies	1410.7000	0
Non-Regulated Investments	1406	0
Other Non-Current Assets	1410.0000	0
<b>Total Non-Current Assets</b>		<b>0</b>
<b><u>Telecommunications Plant</u></b>		
Telephone Plant in Service (See End Note E)	2001	4,238,524,119
Property Held for Future Use	2002	0
Telecommunications Plant under Construction	2003	2,065,772
Telecommunications Plant Adjustment (See End Note E)	2005	0

**Schedule #2- Balance Sheet-Continued**

<u>Description</u>	<u>G/L Accounts</u>	<u>Balance at Close of Year</u>
<b>Telecommunications Plant-Continued</b>		
Non-Operating Plant	2006	25,766
Goodwill	2007	0
Total Plant		4,240,615,657
Depreciation Reserve-Plant	3100	3,140,533,419
Depreciation Reserve-Other (See End Note E)	3200-3600	59,967,462
Total Depreciation Reserve		3,200,500,881
Net Telecommunications Plant		1,040,114,776
Total Assets		1,045,878,391
<b>Current and Accrued Liabilities</b>		
Accounts Payable (See End Note D)	4000.1000	N/A
Notes Payable-Affiliated	4000.2100	0
Advance Billings and Payments	4130.4000	29,213,787
Customer Deposits	4040	2,482,710
Current Maturities-Long Term Debt	4130.5100	0
Current Maturities-Capital Leases	4130.6000	0
Income Taxes Accrued	4070	173,627,492
Other Accrued Taxes	4080	39,718,593
Other Accrued Liabilities	4130.2900	(1,594,629)
Other Current Liabilities	4130 Less 4130.4000 Less 4130.2900	6,396,104
Total Current and Accrued Liabilities		249,844,057
<b>Other Liabilities and Deferred Credits</b>		
Other Long Term Liabilities (See End Note D)	4300	N/A
Premium on Long Term Debt	4200.2100	0
Unamortized Operating Investment Tax Credits-Net	4320	-

**Schedule #2- Balance Sheet-Continued**

<b>Description</b>	<b>G/L Accounts</b>	<b>Balance at Close of Year</b>
<b>Other Liabilities and Deferred Credits-Continued</b>		
Unamortized Nonoperating Investment Tax Credits-Net	4330	0
Other Deferred Credits (See End Note B)	4300.4300	174,855
Net Current Deferred Operating Income Taxes	4100	(475,497)
Net Current Deferred Nonoperating Income Taxes	4110	2,777,874
Net Noncurrent Deferred Operating Income Taxes	4340	197,842,433
Net Noncurrent Deferred Nonoperating Income Taxes	4350	(4,220,669)
Other Jurisdictional Liabilities and Deferred Credits	4370	0
<b>Total Other Liabilities and Other Credits</b>		<b>196,098,996</b>
<b>Long Term Debt</b>		
Funded Debt	4200.1000	0
Reacquired Debt	N/A	N/A
Obligations Under Capital Leases	4200.2300	0
Advances from Affiliated Companies	4200.3000	0
Other Long Term Debt	4200.2400	0
<b>Total Long Term Debt</b>		<b>0</b>
<b>Total Liabilities</b>		<b>445,943,053</b>
<b>Stockholders Equity</b>		
Capital Stock		0
Additional Paid In Capital		0
Treasury Stock		0
Other Capital		0
Headquarters Control	9999	599,935,338
<b>Total Stockholders Equity</b>		<b>599,935,338</b>
<b>Total Stockholders Equity and Liabilities</b>		<b>1,045,878,391</b>



**Schedule #3-Retained Earnings**

<b>Description</b>	<b>Debits</b>	<b>Credits</b>
<b>Retained Earnings Account</b>		
<b>Retained Earnings-Beginning of Year</b>		<b>741,834,007</b>
<b>Miscellaneous Debits to Retained Earnings</b>		
<b>Miscellaneous Credits to Retained Earnings</b>		
<b>Net Income or Loss From Operations</b>		<b>89,258,446</b>
<b>Retained Earnings-End of Year</b>		
<b>Appropriated Retained Earnings:</b>		
<b>Dividends Declared</b>		
<b>Other</b>		
<b>Unappropriated Retained Earnings:</b>		
<b>Jurisdictional Retained Earnings</b>		
<b>Other</b>	<b>231,157,115</b>	
<b>Retained Earnings-Total End of Year</b>		<b>599,935,338</b>

**Schedule #7- South Carolina Local Access Lines**

<b>Total Business (See End Note F)</b>	<b><u>339,754</u></b>
<b>Total Residence (See End Note F)</b>	<b><u>716,177</u></b>
<b>Total Lifeline Access Lines (See End Note H)</b>	<b><u>23,480</u></b>
<b>Total Access Lines (See End Note F)</b>	<b><u>1,079,411</u></b>
<b>Total Number of Customers</b>	<b><u>787,387</u></b>
<b>Total Wholesale Customers (See End Note G)</b>	<b><u>165</u></b>
<b>Total Wholesale DSL Customers (See End Note G)</b>	<b><u>16</u></b>